

# The **ENTREPRENEUR'S** Guidebook Series™

Next  
Page

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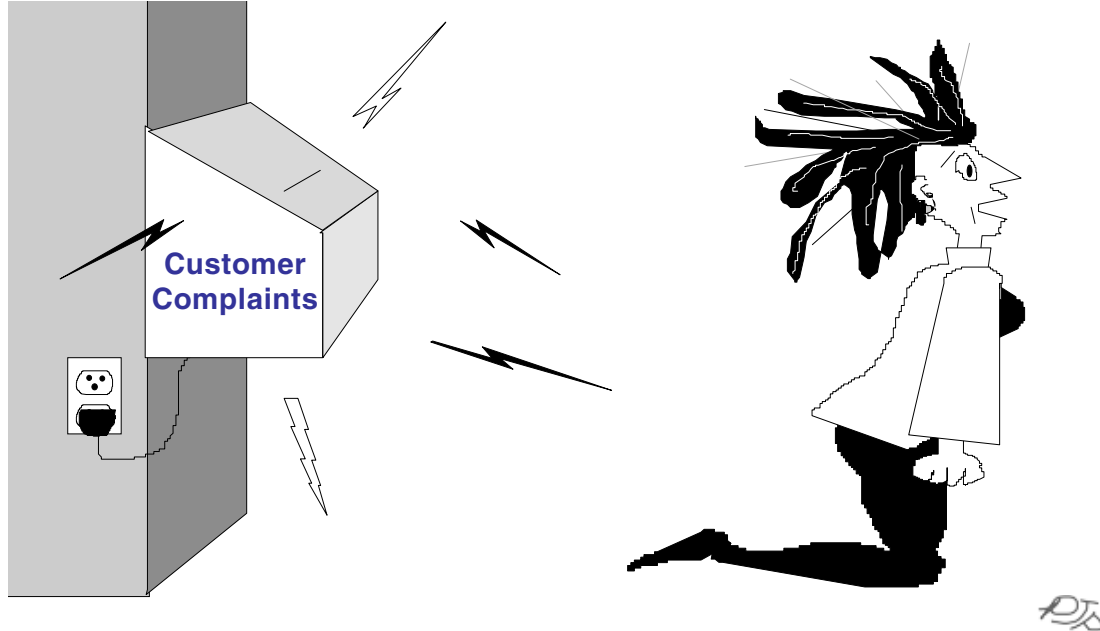
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# PERSONAL PLANNING

## Guidebook #51:

<i>Developing a Customer Service Plan</i> .....	3
Why Good Customer Service is so Important .....	4
Writing A Customer Service Policy .....	6
Strategies for Improving Customer Service .....	17
Adopting a Customer Service Maxim.....	23



*“Haarrrrry! How come our customer complaint box just gave me a HORRIBLE shock!”*

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## ***DEVELOPING A CUSTOMER SERVICE PLAN***

**GET** use to the sound of the following two phrases. Repeat them over and over until they become a part of your entrepreneurial soul:

**“The customer is King! The customer is always right!”**

In the very least, carefully heed their advice, for although marketing activities like naming your company and designing a company logo are necessary for building your company image, they are only cosmetic in effect. The real heart of your company, like the heart of any organization, will center on how you plan to treat people – specifically, your customers and clients.

## WHY GOOD CUSTOMER SERVICE IS SO IMPORTANT

CUSTOMER SERVICE *is* people. For no business exists by itself. And no business can profit without first winning over the hearts and minds of its markets, at least not for long. To put this into proper perspective, take note of the following customer service facts:

- **A typical business will hear from only four percent of its dissatisfied customers.** The other 96 percent will just quietly go away, 91 percent never coming back.

*Never say no when a client asks for something – even if it is the moon. You can always try, and anyhow there is plenty of time afterward to explain that it was not possible.*

**CAESAR RITZ**

**NOTE** A survey on “Why customers Quit” found the following: 3% move away; 5% develop other friendships; 9% leave for competitive reasons; 14% are dissatisfied with the product; 68% quit because of an attitude of indifference towards the customer by the owner, manager or some employee.

- **A typical dissatisfied customer will tell 8 to 10 people about his or her problem.** One in five will tell twenty. It typically takes twelve positive service incidents to make up for one negative incident.
- **Businesses having low quality service average a 1% return on sales and lose market share at the**

**rate of 2% per year.** Business with high quality service average a 12 percent return on sales, gain market share at the rate of 6 percent per year and charge significantly higher prices.

- **Seven out of ten complaining customers will do business with you again if you resolve the complaint in their favor.** If you resolve it on the spot, 95 percent will do business with you again. On average, a satisfied complainer will tell five people about the problem and how it was satisfactorily resolved.
- **The average business spends six times more to attract new**

**customers than it does to keep old ones.** Yet, customer loyalty is in most cases worth ten times the price of a single purchase.



*The purpose of public relations in its best sense is to inform and to keep minds open; the purpose of propaganda in the bad sense is to misinform and to keep minds closed.*

**JOHN W. HILL**

## WRITING A CUSTOMER SERVICE POLICY

IMAGINE, you own a flower shop called Flora's Floral Boutique. One fine day, your bell tinkles, and in walks a tall elegant woman in her mid-thirties. What do you suppose she might be thinking and feeling when she first looks around, after she talks to you or one of your staff, or after she buys an expensive crystal vase and on her way out trips over your welcome mat and smashes it into a thousand pieces?

A customer service policy attempts to provide answers or rather guidelines to these and other difficult questions. It attempts among other things to create a positive business environment, establish a

company image, and perhaps most importantly build customer loyalty.

More specifically, a customer service policy should include methods, strategies and ideas to:

*The secret to winning and keeping customers for life, is to reward them. For examples, see next page.*  
**SUPERTIP**

**Build customer loyalty.** View your customer service philosophy as essentially an opportunity to reward customer loyalty with continual, unquestioning, all accepting, positive reinforcement. Everyone likes to be treated special.

*Use the triple-win reward system.*

The triple-win system is a reward system used to encourage employees to provide excellent customer service. This theory proposes that “how customers get treated” is a direct reflection of how management is treating employees. If the qual-



ity or service of your company is poor, then chances are your employees are being rewarded for something other than taking care of customers. Rewarding the customer is everybody's job. Rewarding those who reward the customer is management's

job. To keep your team focused on rewarding the customer, find the answer to the following four questions:

- What behavior and results do I want?
- How will I measure it?

## Rewarding Customers

### When the Customer . . .

### REWARD . . .

Appears, calls or inquires . . .	by being prompt and prepared
Is angry or defensive . . .	with kindness and empathy
Has special requests . . .	by customizing your service
Can't make up his mind . . .	with a specific recommendation
Raises objections to buying . . .	by agreeing, empathizing & building value
Gives buying signals . . .	prompt response
Buys . . .	by delivering more than you promise
Refuses to buy . . .	with polite appreciation
Is going to be disappointed . . .	with positive perks
Complains . . .	with fast, positive action

- How will I reward it when I get it?
- How can I show employees customers always come first?

**Create a positive business environment.** Making people feel good about themselves and your company makes it more conducive for them to spend their money.

*Offer free coffee, donuts, mints or suckers.* Some companies give away suckers that look like their company logo. Although, creating a potential negative connotation, “they’re suckers for buying from us,” most people accept it in the spirit it was intended, as an expression of fun and good will.

*Making people feel good about themselves and your company makes it more conducive for them to spend their money.*

**Establish a marketable company image.** “Image is everything.” At least that’s what consumers have grown to believe – largely influenced by companies with huge advertising budgets and little regard for truth. These companies feel that if you can’t find a need and meet that need with a product or service, then why not create a need by manipulating peoples primeval urges.

These companies believe that if you create the right image for yourself, you can sell anything at any price. And these companies are for the most part right.

Cosmetic companies do it. Clothing companies do it. Beer and soft drink companies do it. Automobile companies do it. So the question remaining is: if everybody

under the sun can relax their moral standards in the pursuit of the almighty dollar, and have incredible success doing so, then why not you? (at least it's worth thinking about).

*Establish a professional image.* A professional image is created when you are reliable, courteous, and service orientated. It is also the result of treating each customer with dignity and respect as if each was capable of giving you thousands of dollars in business, when often only giving you a few. It means treating a coal miner who walks into your dainty jewelry shop – dirt under his finger nails, hair hanging out in clumps – like any other valued customer not a contagious virus. Who knows, the coal miner might pull out a hunk of gold quartz worth ten grand and

*A professional image is created when you are reliable, courteous, and service orientated.*

trade it in for a little diamond ring for his sweet heart.

**NOTE** Your service must be professional at all times, especially when you are starting out. A positive professional image builds up gradually over many years. A negative one can hit fast and destroy your market position virtually over night.

*Establish an image of quality.*

Commitment to quality breeds loyalty. Consider the following: to eliminate the majority of hairs that stick to the average chicken wing, Fran Perdue, chairman of Perdue Farms, purchased a quarter-of-a million dollar jet engine to blow them off.

*Other Factors that Influence Image* – Image is influenced by your store or office

layout, display, location, size, entrance and parking. Image is also influenced by the:

- appearance and attitude of your staff
- packaging of your products
- price of your product or service
- publicity you get from the news media
- quality of your advertising and promotional programs
- quality of your service, delivery, and after sales service
- quality, appearance, and suitability of your stationery, invoices, envelopes, business cards and logos
- tone of voice of sales reps while answering questions on the telephone

*Image is more important in a business of intangibles (e.g., if you sell services, your image is more important than if you sell TVs).*

At all times your image should be consistent with the needs and expectations of your target market.

**NOTE** Image is more important in a business of intangibles (e.g., if you sell services, your image is more important than if you sell TVs).

### **Handle complaints right away.**

It's hard to remain calm when a hot-headed customer is yelling a few inches from your face. But in any confrontational situation, you must assume the role of the parent, let your customer have their temper tantrum, and then calmly and coolly listen to and solve their problem. This, more than anything else is a sign of professionalism, quality service, and management sensitivity.

To handle complaints more effectively you should:

1. After listening with understanding and sensitivity, paraphrase what the customer has told you to let he or she know you were listening.
2. Find out what the customer wants.
3. Propose a solution. If the customer doesn't like your solution, ask what he or she would consider a fair settlement.
4. Make a follow-up call to insure satisfaction.
5. And what ever you do, never let the customer lose face.

Sometimes customers know full well

there is nothing you can do. All they really want is someone to hear them out and respect their point of view.

### **When handling complaints you should also:**

*The image-managers encourage the individual to fashion himself into a smooth coin, negotiable in any market.*

**JOHN  
GARDNER**

*Get people at the top actively involved in both listening to and helping resolve customer complaints.*

“Just a second let me talk to the manager.” Is better than, “Sorry the manger won't be back until tomorrow.”

*Handle a letter complaint within 24 hours, if you can't handle it right away.* If a complaint is mailed into

you and for some reason, there is a delay in your response, phone or send a return letter right away to make sure the customers knows you are handling their com-

complaint. After two weeks (the time most people think is enough for a letter to go to you and get back to them), if a customer has not heard from you, they will start making other plans.

*Improve your ability to handle complaints by learning the following three hard-to-say, but extremely useful phrases . . .*

- *“I don’t know.”* If you don’t know something, say so, and then find out.
- *“I need help.”* Knowing when you need help and where to get it is not a sign of weakness – customers appreciate more people getting involved in solving their problem.

*Usually, it’s not the mistake itself but how the mistake is handled that determines whether a customer will be satisfied and continue to do business with you.*

- *“I was wrong.”* Usually, it’s not the mistake itself but how the mistake is handled that determines whether a customer will be satisfied and continue to do business with you.

*Make it easy to complain.* Seek out and welcome complaints. Remember that most dissatisfied customers don’t complain, they just quietly move their business elsewhere. As well, complaints are often the only feedback a company gets on how they’re doing.

*Set up a system to document and classify complaints.* This system should include:

- the customer’s name, address and phone number

- the name of employee receiving the complaint
- the date and time the complaint was received and resolved
- the nature of the complaint
- the mutually agreed solution to the problem
- whether the problem was resolved on the spot, and if not, when a solution was promised to the customer
- what steps have been or are presently being taken
- the date and time that the customer was contacted to insure that the problem has been solved and that he or she was satisfied

*In the United States, you say the customer is always right. In Japan, we say the customer is God. There is a big difference.*  
**JAPANESE BUSINESSMAN**

- what, if anything was done to compensate the customer for his inconvenience
- notes on how this problem could have been prevented
- **solutions** or even policy changes to prevent similar problems

**NOTE** To avoid having to keep a huge filing system, consider returning complaint letters with your replies.

*Take every complaint seriously.* Although there are people out there who complain about everything and anything, most have good reasons for their concerns. However, if a person is being obnoxious, attacking you personally, you

may find it difficult to think you are truly doing them a service, instead of not teaching them some manners. Keep yourself from thinking this way. Just imagine the complainer naked, with chicken pox, and take pride in curing him of his sickness.

*When managing a “moment of truth,” ask yourself the following question . . . How can I make this person glad he or she talked to me?*

**Make management available for criticism.** Most people would agree that complaining to a clerk or cashier has little effect, for these people do not have the power to make decisions. But, if it is clear that serious problems will receive special attention, customers feel less intimidated by upper management and more secure the entire com-

*Always do what you say you are going to do. It is the glue and fiber that binds successful relationships.*

**JEFFRY A.  
TIMMONS**

pany is truly dedicated to meeting their needs now and in the future.

*Set-up suggestion and complaint boxes.* A suggestion box gives employees and customers a direct link to management. A well-used suggestion box is not only a potential fountain for new ideas, it's also a great morale-builder.

Suggestion boxes should be placed in private locations so people won't feel threatened to use them. Even a nasty note reveals valuable information. Placement near the time clock, payroll office, locker room, or lunchroom is better than by the company president's door. Management can also award incentives for great ideas.



**Offer a warranty.** A warranty tells customers you want them to be satisfied with the work of your company. A typical service warranty is 30 days on parts and 90 days on labor; this means that you will correct any problems arising within a specified period following performance of a service at no charge.

**Provide extras that really impress people.** Customizing your services or going beyond the call of duty:

- shows people that you really care about serving them
- gives you and your team a source of pride and confidence
- is great for repeat business
- overcomes customer defensiveness

*Customizing your services or going beyond the call of duty shows people that you really care about serving them.*

and gains you quicker acceptance

- virtually eliminates the competition by establishing you as best customer service provider in your field

### **Two Ways of Customizing Your Services:**

*Send special event cards.* Personal birthday cards are intrusive unless you know the customer quite well. However, cards that celebrate special events or company celebrations may provide unbeatable PR.

**NOTE** Instead of sending business X-mas gifts; send Thanksgiving gifts (this makes more sense).

*Use computer printouts.* Having computerized forms, invoices etc., promotes good customer relations. Consumers feel much

better when they can read all the information on the form and not have to decipher illegible handwriting. Fewer shipping errors are made as well. Also, forcing workers to use computer printouts encourages more precise thinking.



## STRATEGIES FOR IMPROVING CUSTOMER SERVICE

TO MOST people good customer service revolves around helping customers make purchases. But good customer service is more than that. Ongoing customer service is an important function of marketing. A good customer service policy takes steps to ensure the continued operation and usability of your products after their sale (especially big-ticket items like machinery, appliances, automobiles, TVs, and computer systems).

It also includes follow-up services such as regular phone calls to check on customer satisfaction, and added benefits

such as warranties, and convenient repair services.

More specifically, when developing a customer service policy, in addition to the considerations outlined in the previous section, consider implementing the following strategies:

*Treat every customer as a potential lifelong customer.*

**Become a service fanatic.** Emphasize service in terms of the customer. Treat every customer as a potential lifelong customer.

**Constantly remind consumers how great your customer service is.** It's not enough to give the customer excellent service. You must also make sure they are aware of it. This way they won't feel out of line when they remind YOU of your policy to make sure you live up to it.

**Create a professional, modern, “clean” look.** Your company’s reputation will be tested daily. Fresh paint, flowers, shiny floors, comfortable lighting and other details matter. Adopting a high standard of cleanliness improves customer relations.

**Learn to trust your customers.** Questioning the reason for a product return or the validity of a complaint will appear as a lack of trust.

**Measure customer satisfaction by inviting frequent and honest feedback.** Use feedback such as phone calls, informal face-to-face polls, and questionnaires, as an opportunity to train, solve problems and adapt to the market. Ask simply, “How do

*Nowadays, everyone has access to the same products. The only thing that distinguishes one retail company from another is service and image.*

#### **POWERPOINT**

you like our service?” Then step back and listen attentively to their response. Share both good and bad news with employees.

**Meet your customer’s emotional as well as product needs.** All customers, whether from business or consumer markets, expect their emotional as well as their product needs to be met every time they shop, to the point that they will refuse to buy from any business that treats them even the slightest bit rudely.

**Offer superior service and quality defined in terms of customers’ perceptions.** Relative quality as perceived by customers is the single most important factor in determining long-term profitability.

**Post your customer service policy where everybody can see it.** Some businesses go so far as to post their customer service policy in large letters at their front entrance. Their reasoning being, if you have a good customer service plan, flaunt it.

**NOTE** Try and keep your customer service policy under a page (the simpler and shorter, the better).

**Provide quick, reliable service.** Customers are not interested in employee job descriptions. They are interested in being served promptly and competently. Nothing is more frustrating to them than being ignored by an employee.

**NOTE** Being responsive to customer re-

quests and providing requested information in a timely manner, can go a long way to improving customer relations.

**Strive for you and your staff to become knowledgeable in your field.** Being knowledgeable, or in the least being perceived to be knowledgeable by your customers, can go a long way to building customer confidence and hence good customer relations. This confidence is compounded, if your staff shares the same degree of competency.

**Train employees in “customer courtesy.”** When training employees, emphasize that everyone has to pitch in to help create sales. Help them understand the necessity to:

- answer the phone on the first ring

*Most Better Business Bureau (BBB) complaints (60%) concern unsatisfactory repair services or problem with product delivery.*

**A. JAMES FIX**  
*The Odds Almanac*

- apologize for delays or problems
- be friendly but business like
- fully understand how much more customers appreciate products or services when they see how much employees are concerned about their satisfaction
- realize both complaints and compliments travel far
- show an interest in people
- thank the customer for doing business

Simple courtesy “buys” a lifetime of customer loyalty.

**Furthermore, develop your customer service policy by** – asking everyone for service improvement ideas, attempting to fill out all special requests as best you can,

## What is the Difference Between a Customer Service and a Public Relations Policy?

ESSENTIAL TO any discussion about developing a customer service policy or philosophy, is the concept of public relations. In fact, customer service is public relations, and it is often difficult to distinguish between the two. However, if you must distinguish between the two, think of a customer service policy as an attempt to create effective customer relations while a public relations policy goes a few steps further to include sensitivity to government, media and general public issues as well.

and being careful not to over promise and build unrealistic expectations. You can also develop your customer service policy by:

- carefully selecting and heavily training your front-line service people
- developing a unique relationship with your customers and treating each one special
- developing good customer profiles and records
- emphasizing common sense, rather than rules, when dealing with the public
- getting out of your office and finding out what's really going on
- inviting customers to visit your facilities
- keeping customers informed of delays

*Treat each patient as you would a member of your own family.*

**MOTTO OF  
HUMANA  
Health Care  
Company**

in filling their order and making sure they know when their order can be expected

- keeping your customers up-to-date with newsletters and other catalogs
- looking at your business through your customer's eyes
- making people feel they belong
- monitoring for *thinly disguised contempt* that may be demonstrated in your people's language such as sarcasm or blame, or service, such as a sour demeanor or tardiness
- providing an (800) call-in line, with a real live person answering the phone
- remembering that a large part of good service is show biz

- setting service quality goals and rewards for yourself and employees
- striving more valiantly than ever to achieve uniqueness, as an organization, in the customer's mind
- using problems as opportunities to demonstrate just what great service your company really gives



*Serve the customers you can serve best instead of trying to serve everybody at half your best.*  
**SUPERTIP**



## ADOPTING A CUSTOMER SERVICE MAXIM

BELOW IS a list of customer service maxims or mini-philosophies you can use to help inspire your own customer service policy. Write down those that seem to capture the essence of what you hope your company will become. Keep in mind that these maxims also make good fodder for company slogans and mission statements.

### CUSTOMERS . . .

- ARE human beings like us and need to be treated like friends and guests.
- ARE kings, we are their servants.

*Service Maxim  
Customers are ultimately responsible for our business, our profits, and our success.*

- ARE our bosses, we are the employees.
- ARE people first, business second.
- ARE the most important people we serve, in person, on the phone, or by mail.
- ARE to be treated like lifetime partners; as if we were going to see them every workday for the rest of our lives.
- ARE ultimately responsible for our business, our profits, and our success.
- BECOME our best source of advertising and marketing when satisfied.
- BRING us their needs; it is our job to fulfill them to the best of our ability.

- DESERVE reliable and consistent service; that we do it right the first time; that we get it done on time; and that we do what we say when we say it.
- DESERVE *service with a smile*.
- DESERVE slavish service, exceptional courtesy and responsive listening.
- DESERVE the best value for their dollar.
- DESERVE their money's worth and more.
- DESERVE what's best for them, even if it's not necessarily what's best for us.
- DO NOT depend on us; we depend on them.

*Service Maxim  
Customers deserve what's  
best for them,  
even if it's not  
necessarily  
what's best for  
us.*

- DO NOT interrupt our work; they are the reason for it.
- DO us a favor by giving us the opportunity to serve them.
  - EXPECT us to make a positive and lasting impression by being committed, attentive to details, and by following up on whatever we promise.
  - SHALL be rewarded for their loyalty.
  - SHALL be served right the first time.
    - SHALL not be argued with, for nobody can ever win an argument with a customer.

